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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in CITIC Resources Holdings Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Website: www.citicresources.com

(Stock Code: 1205)

**PROPOSALS FOR
GRANT OF THE KWOK OPTION AND THE MA OPTION AND
AMENDMENT TO THE TERMS OF
THE GRANTED OPTIONS, THE KWOK OPTION AND THE MA OPTION**

A letter from the Board (as defined in this circular) is set out on pages 5 to 14 of this circular.

A letter from the Independent Board Committee (as defined in this circular) is set out on page 15 of this circular.

A notice convening the SGM (as defined in this circular) to be held at Pacific Place Conference Centre, Tien Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday, 26 July 2005 at 3:00 p.m. is contained in pages 16 to 18 of this circular.

A form of proxy for the SGM is enclosed with this circular. Whether or not you intend to be present at the SGM, you are requested to complete the form of proxy and return the same to the head office and principal place of business of the Company at Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the SGM. The completion and return of a form of proxy will not preclude you from attending and voting at the SGM in person.

11 July 2005

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions shall have the respective meanings set out opposite them:

“Aggregate Limit”	the maximum entitlement of a substantial shareholder or an independent non-executive Director, or any of their respective associates under the Scheme as stipulated in Rule 17.04(1) of the Listing Rules, namely that the aggregate number of Shares issued and to be issued upon exercise of Options granted and to be granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates (including Options exercised, cancelled and outstanding) in any 12-month period up to and including the date of such grant shall not exceed 0.1% of the Shares in issue and shall not have a value exceeding HK\$5,000,000;
“associate”	shall have the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors or a duly authorised committee thereof;
“business day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“Bye-laws”	the bye-laws of the Company as amended from time to time;
“chief executive”	shall have the meaning ascribed to it in the Listing Rules;
“Company”	CITIC Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange;
“connected person”	shall have the meaning ascribed to it in the Listing Rules;
“Consultants’ Options”	the Options granted to certain consultants of the Group on 2 June 2005 to subscribe for, in aggregate, 15,000,000 Shares at an exercise price of HK\$1.08 per Share, and the exercise period thereof shall commence on the first anniversary of the Date of Grant (2 June 2006) and lapse at 6:00 p.m. on the Expiry Date;
“Date of Grant”	2 June 2005, the date on which the Kwok Option and the Ma Option were conditionally granted to Mr. Kwok and Mr. Ma respectively by the Board and the Granted Options were granted to the holders thereof;

DEFINITIONS

“Directors”	the directors of the Company from time to time;
“Directors’ Options”	the Options granted to Mr. Kwok, Mr. Ma, Ms. Li So Mui, Mr. Mi Zengxin, Mr. Qiu Yiyong, Mr. Sun Xinguo, Mr. Zeng Chen and Mr. Zhang Jijing on 2 June 2005 respectively to subscribe for the number of Shares set out in the paragraph headed “The Granted Options” in the letter from the Board and the exercise period of the Directors’ Options (other than those granted to Mr. Kwok and Mr. Ma which shall commence on the second anniversary of the Date of Grant (2 June 2007)) shall commence on the first anniversary of the Date of Grant (2 June 2006) and lapse at 6:00 p.m. on the Expiry Date;
“Employees’ Options”	the Options granted to certain employees of the Group on 2 June 2005 to subscribe for, in aggregate, 7,000,000 Shares at an exercise price of HK\$1.08 per Share, and the exercise period thereof shall commence on the first anniversary of the Date of Grant (2 June 2006) and lapse at 6:00 p.m. on the Expiry Date;
“Expiry Date”	the date on which the Granted Options, the Kwok Option and the Ma Option shall lapse, being the business day immediately preceding the fifth anniversary of the Date of Grant;
“Granted Options”	the Directors’ Options, the Consultants’ Options and the Employees’ Options;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors, namely Mr. Chan Mo Po, Paul; Mr. Fan Ren Da, Anthony and Mr. Tsang Link Carl, Brian;
“Independent Shareholders”	the Shareholders other than Mr. Kwok and Mr. Ma and their respective associates;
“Kwok Option”	the option conditionally granted to Mr. Kwok under the Scheme to subscribe for up to 45,683,116 Shares, the principal terms of which are set out in the paragraph headed “Terms of the Kwok Option and the Ma Option” in the letter from the Board;

DEFINITIONS

“Latest Practicable Date”	8 July 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended or supplemented from time to time;
“Ma Option”	the option conditionally granted to Mr. Ma under the Scheme to subscribe for up to 45,683,116 Shares, the principal terms of which are set out in the paragraph headed “Terms of the Kwok Option and the Ma Option” in the letter from the Board;
“Mr. Kwok”	Mr. Kwok Peter Viem, an executive Director and the Chairman of the Company;
“Mr. Ma”	Mr. Ma Ting Hung, an executive Director and the Vice Chairman of the Company;
“Option”	an option to subscribe for Shares granted pursuant to the Scheme and for the time being subsisting;
“Option Holder”	a person holding an Option;
“PRC”	the People’s Republic of China which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Scheme”	the share option scheme adopted by the Company on 30 June 2004;
“SGM”	the special general meeting of the Company to be held at Pacific Place Conference Centre, Tien Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday, 26 July 2005 at 3:00 p.m. and convened pursuant to the notice contained in this circular;
“Shareholder”	a registered holder of issued Shares from time to time;
“Share(s)”	the ordinary shares of HK\$0.05 each in the share capital of the Company;
“Specified Limit”	the maximum entitlement of each participant under the Scheme as stipulated in the Note to Rule 17.03(4) of the Listing Rules, namely that the aggregate number of Shares issued and to be issued upon exercise of the Options granted to such participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the Shares in issue;

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	a company which is for the time being and from time to time a subsidiary of the Company within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) but so that for the purposes thereof a “company” shall be construed as meaning any body corporate whether incorporated in Hong Kong or elsewhere;
“substantial shareholder”	shall have the meaning ascribed to it in the Listing Rules;
“USI”	United Star International Inc., a company incorporated in the British Virgin Islands;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

LETTER FROM THE BOARD



CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Website: www.citicresources.com

(Stock Code: 1205)

Executive Directors:

Mr. KWOK Peter Viem *(Chairman)*
Mr. MA Ting Hung *(Vice Chairman)*
Ms. LI So Mui
Mr. MI Zengxin
Mr. QIU Yiyong
Mr. SUN Xinguo
Mr. ZENG Chen
Mr. ZHANG Jijing

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Mr. CHAN Mo Po, Paul
Mr. FAN Ren Da, Anthony
Mr. TSANG Link Carl, Brian

Head Office and

Principal Place of Business:
Suites 3001-3006
30/F, One Pacific Place
88 Queensway
Hong Kong

11 July 2005

*To the Shareholders and, for information only,
the Option Holders*

Dear Sir or Madam,

**PROPOSALS FOR
GRANT OF THE KWOK OPTION AND THE MA OPTION AND
AMENDMENT TO THE TERMS OF
THE GRANTED OPTIONS, THE KWOK OPTION AND THE MA OPTION**

A. INTRODUCTION

The purpose of this circular is to (i) provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the SGM for the grant of the Kwok Option to Mr. Kwok and the Ma Option to Mr. Ma, both of which exceed the Specified Limit and the Aggregate Limit, and the amendment to the terms of the Granted Options, the Kwok Option and the Ma Option; (ii) set out the recommendation of the Independent Board Committee in relation to the grant of the Kwok Option to Mr. Kwok and the Ma Option to Mr. Ma; and (iii) give you notice of the SGM at which the necessary resolutions approving the said proposals will be sought.

LETTER FROM THE BOARD

B. THE GRANTED OPTIONS

The Company adopted the Scheme on 30 June 2004.

The purpose of the Scheme is to assist the Company to attract and retain the best available personnel and to provide them with additional incentives to promote the success of the Group.

On 2 June 2005, the Board (including the independent non-executive Directors) approved the grant under the Scheme of (i) the Consultants' Options, (ii) the Employees' Options, and (iii) the Directors' Options to the executive Directors named below to subscribe for the number of Shares specified below. As at the Latest Practicable Date, a total of 4,316,884,381 Shares were in issue.

Name	Number of Shares	Percentage of issued Shares
Mr. Kwok	4,316,884	0.10%
Mr. Ma	4,316,884	0.10%
Ms. Li So Mui	5,000,000	0.12%
Mr. Mi Zengxin	10,000,000	0.23%
Mr. Qiu Yiyong	10,000,000	0.23%
Mr. Sun Xinguo	5,000,000	0.12%
Mr. Zeng Chen	5,000,000	0.12%
Mr. Zhang Jijing	10,000,000	0.23%

The exercise price per Share payable under the Consultants' Options, the Employees' Options and the Directors' Options is HK\$1.08, representing the higher of (i) the closing price of the Shares of HK\$1.08 per Share as stated in the Stock Exchange's daily quotations sheet on the Date of Grant, (ii) the average closing price of the Shares of HK\$1.072 per Share as stated in the Stock Exchange's daily quotations sheet for the five business days preceding the Date of Grant on which trading in the Shares took place, and (iii) the nominal value of the Shares of HK\$0.05.

Other than the Granted Options, the Kwok Option and the Ma Option, no other Options, share options or warrants or rights to subscribe for Shares have been granted or proposed to be granted by the Company pursuant to the Scheme or otherwise.

C. GRANT OF THE KWOK OPTION AND THE MA OPTION

In addition to approving the Granted Options, the Directors (excluding Mr. Kwok, in respect of the Kwok Option and Mr. Ma, in respect of the Ma Option, but including the independent non-executive Directors) passed a resolution on 2 June 2005 approving the conditional grant of the Kwok Option to Mr. Kwok and the conditional grant of the Ma Option to Mr. Ma. Set out below are the brief particulars of Mr. Kwok and Mr. Ma.

LETTER FROM THE BOARD

Details relating to Mr. Kwok and Mr. Ma

Mr. Kwok is an executive Director and the Chairman of the Company. He has been an executive Director of the Company since 2000. He is responsible for the strategic planning and corporate development of the Group. Mr. Kwok received a Master of Philosophy Degree in Management Studies from the University of Hong Kong and a Doctoral Degree in Finance from the University of California at Berkeley. Mr. Kwok has over 29 years' experience in the banking and finance industry and has held senior management positions with various financial institutions. In February 1998, he became a member of the Chinese People's Political Consultative Conference.

Mr. Ma is an executive Director and Vice Chairman of the Company. He has been an executive Director of the Company since 2000. He is responsible for the business development and financial management of the Group. He holds a Bachelor of Arts Degree majoring in Economics from the University of Southern California. Mr. Ma has over 17 years' experience in the banking and finance industry.

Reasons and Benefits for the Grant of the Kwok Option and the Ma Option

Both Mr. Kwok and Mr. Ma have been involved with the Company since 2000 when they, through USI, acquired what was at the time an 85.21% controlling interest in the Company as part of a restructuring of the business and debts of the Group. USI currently holds 572,966,000 Shares representing about 13.27% of the total Shares in issue and is a substantial shareholder of the Company. Mr. Kwok and Mr. Ma are the beneficial owners as to 50% each respectively of the issued share capital of USI and are both, therefore, associates of a substantial Shareholder. Both Mr. Kwok and Mr. Ma have been influential and contributed considerably to assist the Group in addressing the difficulties faced by it in and since 2000.

At the time of USI's acquisition of a controlling interest in the Company in 2000, the Company was principally engaged in the manufacture and sale of plywood, fancy plywood, sawn timber and trading of timber and timber related products; but it was operating in an increasingly difficult environment and reliant on markets that had been badly affected by the Asian financial crisis of 1998. Based on the audited financial statements of the Group for the 15 months ended 31 December 1999 (the "Period"), the Group had incurred a huge exceptional loss amounting to US\$33.8 million (HK\$263.6 million) in addition to the loss of US\$14.8 million (HK\$115.4 million) in the ordinary and usual course of business. Consequently, the financial position of the Group had deteriorated significantly with the Group recording an audited consolidated net loss of US\$48.5 million (HK\$378.3 million) for the Period. Further, the Group's total assets had decreased from US\$92.6 million (HK\$722.3 million) as at 30 September 1998 to US\$24.7 million (HK\$192.7 million) as at 31 December 1999 while total liabilities were US\$33.4 million (HK\$260.5 million). As at 31 December 1999, the Group had an audited net deficiency in assets of US\$9.3 million (HK\$72.5 million).

Based on the opinion of the independent financial adviser appointed to advise the independent board committee in respect of the restructuring of the Group, the cashflow generated from the Group's then existing operations together with its then currently available resources would have been insufficient to repay the Group's outstanding

LETTER FROM THE BOARD

indebtedness. If the Company had gone into liquidation at that time, it was unlikely that Shareholders would have recovered any of their investment in the Company from a distribution of the Group's assets under liquidation in view of the Group's capital deficiency.

Today, the Group is in a significantly better financial position and is no longer reliant on the plywood and plywood products operations as its principal business. Under the stewardship of Mr. Kwok as Chairman and Mr. Ma as Vice Chairman, the Group is positioning itself as an integrated provider of key resources and commodities of which the PRC is a net importer. The Group is currently involved in upstream operations to mid-stream processing to distribution of the final product and has interests in, amongst others, the aluminum, coal and petroleum industries. Mr. Kwok and Mr. Ma have been integral in the implementation of this business strategy.

From 2001 to 2004, the turnover of the Group increased from HK\$52.8 million to HK\$3,610.8 million. The net asset value of the Group also increased from HK\$239.6 million as at 31 December 2001 to HK\$2,682.9 million as at 31 December 2004. As of the Latest Practicable Date, its market capitalisation was HK\$4,273.7 million. Moreover, the Group has recorded a net profit attributable to Shareholders of HK\$49.9 million for the year ended 31 December 2004.

The Board considers that the Group has been able to capitalise on and benefit from the invaluable management skills of Mr. Kwok and Mr. Ma and attributes the development, growth and success of the Group, to a large extent, to their unstinting hard work and dedication to the Group. Further, it is the intention of the Group to make appropriate investments as and when suitable opportunities arise in line with the Group's business strategy. It is the view of the Board that the experience and knowledge of Mr. Kwok and Mr. Ma will be invaluable to the future development of the Group.

In order to acknowledge the distinguished and much valued contribution and service of both Mr. Kwok and Mr. Ma to the Group to date and for their continued service and dedication to the Group, the Board conditionally granted to (i) Mr. Kwok the Kwok Option to subscribe for up to 45,683,116 Shares at an exercise price of HK\$1.08 per Share; and (ii) Mr. Ma the Ma Option to subscribe for up to 45,683,116 Shares at an exercise price of HK\$1.08 per Share. The said exercise price in each case represents the closing price of the Shares on the Date of Grant.

The Board considers that it is in the interests of the Company to grant the Kwok Option to Mr. Kwok and the Ma Option to Mr. Ma.

Terms of the Kwok Option and the Ma Option

The following are the principal terms of the Kwok Option and the Ma Option:

Condition

The grant of both the Kwok Option and the Ma Option is conditional upon the approval of the Shareholders being obtained at the SGM in accordance with the Note to Rule 17.03(4) and Rule 17.04(1) of the Listing Rules. USI and its associates and all other connected persons are required to abstain from voting in respect of the grant of the Kwok Option and the Ma Option.

LETTER FROM THE BOARD

Number of Shares

The total number of Shares that may be issued upon exercise in full of the Kwok Option will be 45,683,116 Shares (the “Kwok Option Shares”), representing about 1.06% of the issued share capital of the Company as at the Latest Practicable Date, and about 1.05% of the issued share capital of the Company as enlarged by the issue of the Kwok Option Shares (assuming that the issued share capital of the Company has not otherwise been increased).

The total number of Shares that may be issued upon exercise in full of the Ma Option will be 45,683,116 Shares (the “Ma Option Shares”), representing about 1.06% of the issued share capital of the Company as at the Latest Practicable Date, and about 1.05% of the issued share capital of the Company as enlarged by the issue of the Ma Option Shares (assuming that the issued share capital of the Company has not otherwise been increased).

The Kwok Option Shares and the Ma Option Shares to be allotted and issued upon an exercise of the Kwok Option and the Ma Option respectively shall be subject to all the provisions of the Bye-laws for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue as at the date on which Mr. Kwok and Mr. Ma are registered in the register of members of the Company as the holders of the Kwok Option Shares and the Ma Option Shares respectively.

Exercise period of the Kwok Option and the Ma Option

The exercise period of both the Kwok Option and the Ma Option shall commence on the second anniversary of the Date of Grant (2 June 2007) and expire at 6:00 p.m. on the business day immediately preceding the fifth anniversary of the Date of Grant.

Exercise price of the Kwok Option and the Ma Option

The exercise price per Share payable under the Kwok Option and the Ma Option is HK\$1.08, representing the higher of (i) the closing price of the Shares of HK\$1.08 per Share as stated in the Stock Exchange’s daily quotations sheet on the Date of Grant, (ii) the average closing price of the Shares of HK\$1.072 per Share as stated in the Stock Exchange’s daily quotations sheet for the five business days preceding the Date of Grant on which trading in the Shares took place, and (iii) the nominal value of the Shares of HK\$0.05.

LETTER FROM THE BOARD

Changes of shareholdings of Mr. Kwok and Mr. Ma

The following table illustrates the changes in the aggregate shareholding of Mr. Kwok and Mr. Ma and their respective associates in the issued share capital of the Company upon the exercise in full of the Kwok Option, in the case of Mr. Kwok, or the Ma Option, in the case of Mr. Ma:

	Number of Shares held as at the Latest Practicable Date	Approximate percentage of issued share capital of the Company as at the Latest Practicable Date	Approximate percentage of Shares to be issued upon exercise in full of the Kwok Option or the Ma Option (as the case may be) in the issued share capital of the Company as at the Latest Practicable Date	Approximate percentage of shareholding upon exercise in full of the Kwok Option or the Ma Option (as the case may be) in the enlarged issued share capital of the Company (assuming that the share capital has not otherwise been increased)
Mr. Kwok	572,966,000 <i>(Note)</i>	13.27%	1.06%	1.05%
Mr. Ma	572,966,000 <i>(Note)</i>	13.27%	1.06%	1.05%

Note: Shares disclosed above are held by USI which is beneficially owned as to 50% by Mr. Kwok and 50% by Mr. Ma. Accordingly, each of Mr. Kwok and Mr. Ma is deemed to be interested in 572,966,000 Shares.

Implications under the Listing Rules

Pursuant to the Note to Rule 17.03(4) of the Listing Rules, the aggregate number of Shares issued and to be issued upon exercise of the Options granted to a participant under the Scheme (including both exercised and outstanding Options) in any 12-month period must not, without the approval of Shareholders, exceed the Specified Limit; that is 1% of the total number of Shares in issue.

Pursuant to Rule 17.04(1) of the Listing Rules, (i) the grant of Options to any Director, chief executive or substantial shareholder of the Company must be approved by the independent non-executive Directors and (ii) Options granted to a substantial shareholder or an independent non-executive Director or any of its/his/her respective associates must not, unless approved by Shareholders, exceed the Aggregate Limit; that is if the Shares issued and to be issued upon exercise of all such Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the Date of Grant:

- (a) represents in aggregate over 0.1% of the total number of Shares in issue; and
- (b) the aggregate value of all such Shares to be issued, based on the closing price of the Shares on the Date of Grant, exceeds HK\$5,000,000.

LETTER FROM THE BOARD

The total number of Shares that would be issued to Mr. Kwok upon the exercise in full of the Directors' Option granted to Mr. Kwok is 4,316,884 Shares, representing 0.1% of the total number of Shares in issue. The total number of Shares that would be issued to Mr. Kwok upon the exercise in full of the Directors' Option granted to Mr. Kwok and the Kwok Option is 50,000,000 Shares which represents about 1.16% of the total number of Shares in issue and such Shares have an aggregate value (based on the closing price of the Shares of HK\$1.08 on the Stock Exchange on the Date of Grant) exceeding HK\$5,000,000. The number of Shares that would be issued to Mr. Kwok upon exercise in full of the Directors' Option granted to him and the Kwok Option would exceed the Aggregate Limit and the Specified Limit.

Similarly, the total number of Shares that would be issued to Mr. Ma upon the exercise in full of the Directors' Option granted to Mr. Ma is 4,316,884 Shares, representing 0.1% of the total number of Shares in issue. The total number of Shares that would be issued to Mr. Ma upon the exercise in full of the Directors' Option granted to Mr. Ma and the Ma Option is 50,000,000 Shares which also represents about 1.16% of the total number of Shares in issue and such Shares have an aggregate value (based on the closing price of the Shares of HK\$1.08 on the Stock Exchange on the Date of Grant) exceeding HK\$5,000,000. The number of Shares that would be issued to Mr. Ma upon exercise in full of the Directors' Option granted to him and the Ma Option would exceed the Aggregate Limit and the Specified Limit.

Accordingly, the grant of the Kwok Option and the Ma Option to Mr. Kwok and Mr. Ma respectively requires the approval of the Independent Shareholders at the SGM by way of a poll in accordance with the Note to Rule 17.03(4) and Rule 17.04(1) of the Listing Rules. The Independent Board Committee has been established for the purpose of advising the Independent Shareholders on the grant of the Kwok Option to Mr. Kwok and the Ma Option to Mr. Ma.

D. AMENDMENT TO THE TERMS OF THE GRANTED OPTIONS, THE KWOK OPTION AND THE MA OPTION

Under the rules of the Scheme, an Option shall, inter alia, lapse forthwith (to the extent not already exercised) upon the expiry of the period (the "Relevant Period") of 90 calendar days after the holder thereof ceases to be a Director or an employee of or a consultant to the Group for reasons other than death or dismissal or termination from employment or engagement on the ground of misconduct.

In recognition of the valued contribution of their services and for their continued commitment to the Group and for the benefit of the future development of the Group, it is proposed that the Relevant Period be increased to 18 months so that the holders of the Granted Options, Mr. Kwok and Mr. Ma be entitled to continue to exercise any outstanding part of the Granted Options, the Kwok Option and the Ma Option (as the case may be) for a period of 18 months after he or she has ceased to be a Director or an employee of or a consultant to the Group except if such cessation is caused (i) by the death of the holder of the Granted Options, the Kwok Option or the Ma Option, in which case such Options shall expire on the first anniversary of his or her death in accordance

LETTER FROM THE BOARD

with Rule 10.1(B) of the Scheme; or (ii) by his or her misconduct, bankruptcy, insolvency or conviction of any criminal offence involving his or her integrity or honesty, in which case such Options shall expire in accordance with Rule 10.1(C) of the Scheme. Accordingly, it is proposed that notwithstanding Rules 10.1(D), (E) and (I) of the Scheme, as the case may be, and subject to the discretion of the Board to increase the Relevant Period as described below, the Granted Options, the Kwok Option and the Ma Option shall (to the extent not already exercised) only lapse upon the expiration of 18 months after the holder thereof ceases to be a Director or an employee of or a consultant to the Group for reasons other than death or dismissal or termination from employment or engagement on the ground of misconduct.

The Board shall, subject to the approval of the independent non-executive Directors, have a discretion to increase the Relevant Period of 18 months provided that any increase of the Relevant Period would not otherwise extend the right of the holders to exercise the Granted Options, the Kwok Option or the Ma Option after the Expiry Date.

The amendment of the terms of the Granted Options, the Kwok Option and the Ma Option and the discretion to be granted to the Board as described above (the “Specific Amendment”) in relation to the Granted Options, the Kwok Option and the Ma Option shall be put to Shareholders for approval. Any Shareholder who is, or whose associate is, a holder of any of the Granted Options, the Kwok Option and the Ma Option is required to abstain from voting in respect of the Specific Amendment. The Specific Amendment shall only apply to the Granted Options, the Kwok Option and the Ma Option and shall not constitute a general amendment to the terms of the Scheme.

The terms of the Specific Amendment in relation the Granted Options, the Kwok Option and the Ma Option is set out in Resolution No. 2 in the notice of the SGM contained in pages 16 and 18 of this circular.

E. RESPONSIBILITY

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular by the Directors have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement contained herein misleading.

F. NOTICE

You will find on pages 16 to 18 of this circular a notice convening the SGM to be held at Pacific Place Conference Centre, Tien Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday, 26 July 2005 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the resolutions to approve the grant of the Kwok Option to Mr. Kwok and the Ma Option to Mr. Ma and the Specific Amendment to the terms of the Granted Options, the Kwok Option and the Ma Option.

LETTER FROM THE BOARD

Whether or not you intend to attend the SGM, you are requested to complete and return the enclosed form of proxy for the SGM in accordance with the instructions printed thereon to the Company's head office and principal place of business at Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

G. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Bye-law 66 of the Bye-laws, at any general meeting of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the Listing Rules or any other applicable laws, rules or regulations or unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

A demand by a person or proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the Shareholder.

Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with the Bye-laws, at any general meeting on a show of hands, every Shareholder who is present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall (save as provided otherwise in the Bye-laws) have one vote for every fully paid Share of which he is the holder (but so that no amount paid or credited as paid up on a Share in advance of calls or instalments shall be treated for the foregoing purposes as paid on the Share). A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

LETTER FROM THE BOARD

H. RECOMMENDATION

The Board considers the grant of the Kwok Option to Mr. Kwok and the Ma Option to Mr. Ma beneficial to and in the interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Board recommends the Independent Shareholders to vote in favour of Resolution No. 1 at the SGM to approve the grant of the Kwok Option and the grant of the Ma Option. Your attention is drawn to the letter from the Independent Board Committee set out on page 15 of this circular which contains its recommendation to the Independent Shareholders regarding the grant of the Kwok Option to Mr. Kwok and the Ma Option to Mr. Ma.

The Board considers the proposal for the Specific Amendment to the terms of the Granted Options, the Kwok Option and the Ma Option referred to in this circular to be fair and reasonable and in the interests of the Company and its Shareholders as a whole and accordingly recommends Shareholders to vote in favour of Resolution No. 2 to approve the implementation of the Specific Amendment in relation to the Granted Options, the Kwok Option and the Ma Option.

Yours faithfully,
For and on behalf of the Board
Kwok Peter Viem
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Website: www.citicresources.com

(Stock Code: 1205)

*To the Independent Shareholders and,
for information only, the Option Holders*

11 July 2005

Dear Sirs,

GRANT OF THE KWOK OPTION AND THE MA OPTION

We refer to the circular to the Shareholders dated 11 July 2005 (the “Circular”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings given to them in the section headed “Definitions” of the Circular.

As the Independent Board Committee, we have been appointed to advise the Independent Shareholders on whether the grant of the Kwok Option to Mr. Kwok and the Ma Option to Mr. Ma is fair and reasonable and in their interests so far as the Independent Shareholders are concerned.

Having considered the distinguished and significant contribution of both Mr. Kwok and Mr. Ma as detailed in the “Letter from the Board” in the Circular to the development of the business and improvement in the financial position and performance of the Group, we consider the grant of the Kwok Option to Mr. Kwok and the Ma Option to Mr. Ma to be beneficial to and in the interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of Resolution No. 1 to be proposed at the SGM to approve the grant of the Kwok Option to Mr. Kwok and the Ma Option to Mr. Ma as set out in the notice convening the SGM contained in pages 16 and 18 of the Circular.

Yours faithfully,
Independent Board Committee of
CITIC Resources Holdings Limited
Chan Mo Po, Paul
Fan Ren Da, Anthony
Tsang Link Carl, Brian

NOTICE OF SPECIAL GENERAL MEETING



CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Website: www.citicresources.com

(Stock Code: 1205)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “Meeting”) of CITIC Resources Holdings Limited (the “Company”) will be held at Pacific Place Conference Centre, Tien Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday, 26 July 2005 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modification, the resolutions set down below, all of which will be proposed as ordinary resolutions.

RESOLUTION NO. 1

“THAT:

- (a) the conditional grant of an option to Mr. Kwok Peter Viem (the “Kwok Option”) under the share option scheme adopted by the Company on 30 June 2004 (the “Scheme”) to subscribe for 45,683,116 ordinary shares of HK\$0.05 each in the share capital of the Company (the “Shares”) at the exercise price of HK\$1.08 per Share, details of which are set out in the circular of the Company dated 11 July 2005 (the “Circular”), be and is hereby approved, confirmed and ratified; and the directors of the Company (the “Directors”) or a duly authorised committee thereof be and are hereby authorised to do any acts or things or to sign, seal, execute and/or deliver any documents for and on behalf of the Company as may be necessary, desirable or expedient in order to give effect to the grant of the Kwok Option; and
- (b) the conditional grant of an option to Mr. Ma Ting Hung (the “Ma Option”) under the Scheme to subscribe for 45,683,116 Shares at the exercise price of HK\$1.08 per Share, details of which are set out in the Circular, be and is hereby approved, confirmed and ratified; and the Directors or a duly authorised committee thereof be and are hereby authorised to do any acts or things or to sign, seal, execute and/or deliver any documents for and on behalf of the Company as may be necessary, desirable or expedient in order to give effect to the grant of the Ma Option.”

RESOLUTION NO. 2

“THAT notwithstanding Rules 10.1(D), (E) and (I) of the Scheme (as defined in Resolution No. 1 as set out in this notice), the options granted under the Scheme on 2 June 2005 to the executive Directors (as defined in Resolution No. 1 as set out in this notice) in respect of an aggregate number of 53,633,768 Shares (as defined in Resolution No. 1 as set out in this notice), the Kwok Option and the Ma Option (each as defined in Resolution No. 1 as set out in

NOTICE OF SPECIAL GENERAL MEETING

this notice) and the options granted under the Scheme on 2 June 2005 to certain employees of and consultants to the Company and its subsidiaries in respect of an aggregate number of 22,000,000 Shares shall (to the extent not already exercised) lapse upon the expiration of 18 months after the date the holder thereof, for reasons other than death or dismissal or termination on the ground of misconduct, ceases to be a Director or an employee of or a consultant to the Company and its subsidiaries provided always that the board of Directors shall have the discretion to increase the period of 18 months (but not so as to extend the period of such option beyond its expiry date) subject to the approval of the independent non-executive Directors.”

By Order of the Board
Li So Mui
Company Secretary

Hong Kong, 11 July 2005

*Head Office and
Principal Place of Business:*
Suites 3001-3006
30/F, One Pacific Place
88 Queensway
Hong Kong

Notes:

- (1) Any member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint a proxy to attend and vote in his stead. Any such member who is a holder of two or more shares may appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company but must be present in person to represent the member.
- (2) A form of proxy for use at the Meeting is enclosed herewith.
- (3) In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of attorney or other authority, must be deposited at Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong not less than 48 hours before the time appointed for holding the Meeting (or any adjournment thereof) and in default the form of proxy shall not be treated as valid. Completion and return of the form of proxy will not preclude members of the Company from attending and voting in person at the Meeting (or any adjournment thereof) should they so wish. If a member who has lodged a form of proxy attends the Meeting, his form of proxy will be deemed to have been revoked.
- (4) If there are joint registered holders of a share in the Company, any one of such joint holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the joint holders so present whose name stands first in the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

NOTICE OF SPECIAL GENERAL MEETING

As at the date of this notice,

(i) the executive Directors of the Company are:

Mr. KWOK Peter Viem (*Chairman*)
Mr. MA Ting Hung (*Vice Chairman*)
Ms. LI So Mui
Mr. MI Zengxin
Mr. QIU Yiyong
Mr. SUN Xinguo
Mr. ZENG Chen
Mr. ZHANG Zijing

(ii) the independent non-executive Directors of the Company are:

Mr. CHAN Mo Po, Paul
Mr. FAN Ren Da, Anthony
Mr. TSANG Link Carl, Brian

The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.